



**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ACTUARIAL VALUATION  
AS OF JULY 1, 2009**

November 9, 2009

Mr. Phillip Kapler  
St. Paul Teachers' Retirement Fund Association  
1619 Dayton Avenue, Room 309  
St. Paul, MN 55104-6206

Dear Mr. Kapler:

We are pleased to present the report of the actuarial valuation of the St. Paul Teachers' Retirement Fund Association ("Fund") as of July 1, 2009. This report provides among other things, the required annual contribution rate of the Fund for the Plan Year commencing July 1, 2009, and ending on June 30, 2010. The actuarial assumptions and actuarial cost method are those used in the prior valuation.

The necessary participant and financial data was provided by the Fund's staff. Their efforts in furnishing the materials needed are gratefully acknowledged. Data was checked for internal consistency, but was not otherwise audited.

The report has been prepared in accordance with Section 356.215 of the Minnesota Statutes as well as the Standards for Actuarial Work established by the State of Minnesota Legislative Commission on Pensions and Retirement. To the best of our knowledge, this report is complete and accurate, and has been prepared in accordance with generally accepted actuarial principles and practice.

Determinations of the liability associated with the benefits described in this report for purposes other than those described above may produce significantly different results. This report may be provided to parties other than the Fund or State oversight entities only in its entirety and only with the permission of the Fund.

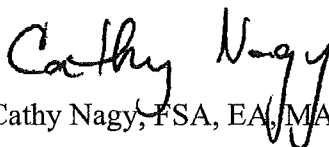
The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We will be pleased to review this report with you at your convenience.

Respectfully submitted,



W. James Koss, ASA, EA, MAAA



Cathy Nagy, FSA, EA, MAAA

WJK/CN:mrh

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## SUMMARY OF VALUATION RESULTS

(dollars in thousands)

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This report sets forth the results of the actuarial valuation of the St. Paul Teachers' Retirement Fund Association ("Fund") as of July 1, 2009. The purposes of this valuation are:

1. To develop the annual required contribution (ARC) rates under GASB requirements.
2. To compare the ARC rates with the current funding policy in place.
3. To review the funding status of the Fund.

The funding status, in basic terms, is a comparison of the fund's liabilities to assets expressed as either an unfunded liability (i.e., the difference between the assets and liabilities) or as a ratio of assets to liabilities. This comparison can be measured in various ways. Fund liabilities are dependent on the actuarial assumptions and actuarial cost method. Fund assets can be measured at market value, book value, or some variation to smooth the fluctuations that invariably occur from year to year. The Actuarial Value of Assets is determined from market value with investment gains and losses smoothed over a five-year period.

### Comments on Results

Total actuarial liabilities increased from \$1,432.0 to \$1,454.3 million. This increase is due to expected growth offset, in part, by liability gains from better than expected demographic experience. There was also a decrease in liability due to a smaller than expected COLA benefit increase as of January 1, 2010, provided as a result of the COLA Pilot Program.

The funded ratio based on actuarial value of assets decreased from 75.13% at July 1, 2008, to 72.20% at July 1, 2009. This decrease was mostly due to recognized investment losses during fiscal years 2008 and 2009.

The required contribution rate increased from 17.63% for fiscal year ending June 30, 2009, to 18.40% for fiscal year ending June 30, 2010, due to investment losses. The statutory contributions currently in place are not sufficient to cover this contribution rate. The statutory contribution rate for the current plan year based on the Basic Plan and Coordinated Plan active population at the valuation date is 15.64%, a shortfall of 2.76%.

Chapter 356 requires the Fund to indicate the funded ratio and contribution sufficiency or deficiency based on the Market Value of Assets. Using a Market Value of Assets of \$773.3 million results in a funded status of 53.17% and a contribution shortfall of 9.36% as of July 1, 2009.

# SUMMARY OF VALUATION RESULTS

(dollars in thousands)

	July 1, 2008	July 1, 2009
	<u>Valuation</u>	<u>Valuation Final</u>
A. CONTRIBUTIONS % OF PAYROLL (Table 11)		
1. Statutory Contributions - Chapter 354A	15.73%	15.64%
2. Required Contributions - Chapter 356	<u>17.63%</u>	<u>18.40%</u>
3. Sufficiency / (Deficiency)	(1.90%)	(2.76%)
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$ 1,075,951	\$ 1,049,954
b. Current Benefit Obligations (Table 8)	<u>1,384,463</u>	<u>1,404,677</u>
c. Funding Ratio	77.72%	74.75%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 1,075,951	\$ 1,049,954
b. Actuarial Accrued Liability (Table 9)	<u>1,432,040</u>	<u>1,454,314</u>
c. Funding Ratio	75.13%	72.20%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$ 1,565,414	\$ 1,552,760
b. Current and Expected Future Benefit Obligations	<u>1,643,226</u>	<u>1,668,532</u>
c. Funding Ratio	95.26%	93.06%
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	4,019	3,860
b. Projected Annual Earnings	\$ 247,291	\$ 252,726
c. Average Annual Earnings (Projected dollars)	\$ 60,007	\$ 64,144
d. Average Age	44.9	45.3
e. Average Service	11.4	12.0
f. Additional Members on Leave of Absence	102	80
2. Others		
a. Service Retirements (Table 4)	2,535	2,615
b. Disability Retirements (Table 5)	26	25
c. Survivors (Table 6)	290	293
d. Deferred Retirements (Table 7)	1,695	1,823
e. Terminated Other Non-Vested (Table 7)	<u>1,403</u>	<u>1,451</u>
f. Total	5,949	6,207

## SUMMARY OF VALUATION RESULTS

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### Participants

Active membership decreased 4.4 percent during fiscal year 2009 from 4,121 to 3,940 (figures include members on leave of absence). Total participants receiving benefits under the Fund, including disabled retirees and beneficiaries, increased 2.9 percent during fiscal year 2009 from 2,851 to 2,933. Total expenditures for these benefits increased from \$89.8 million to \$93.0 million during fiscal year 2009, or 3.6 percent.

### Changes in Provisions of the Fund

The COLA Pilot Program in effect for calendar years 2008 and 2009 has been extended to 2010 and 2011. The investment performance test for the COLA Pilot Program has been removed for the 2010 and 2011 calendar years.

### Actuarial Assumptions

Actuarial assumptions are used to project future demographic and economic expectations for purposes of valuing the liabilities of the plan. The assumptions should reflect current patterns. However, their primary orientation is the long-term outlook for each factor affecting the valuation. Thus, while actual experience will fluctuate over the short run, actuarial assumptions are chosen in an attempt to model the future long-term experience. The actuarial assumptions were developed in accordance with the Standards for Actuarial Work established by the Minnesota Legislative Commission on Pensions and Retirement ("Standards for Actuarial Work").

### Asset Valuation Method

The method used to develop the Fund's Actuarial Value of Assets, as set out in the Standards for Actuarial Work, is as follows: In years when Fund assets earn above 8.5 percent (i.e., experience gain) or below 8.5 percent (i.e., experience loss) the gain (or loss) will be gradually recognized over five years. This approach both smoothes the Fund's level of contributions and ensures the Fund's assets will track the market value of assets.

### Experience Analysis

Overall, the Fund experienced a loss of \$34.5 million. There were no large deviations from the expected plan demographic experience. In general, salary increases were smaller than predicted under the current valuation assumption and produced an actuarial gain of \$5.3 million. There were fewer retirements than expected, resulting in a gain of \$2.5 million. Extension of the COLA Pilot Program produced a liability decrease of \$17.4 million. The largest component of the Fund's loss was due to investment losses. Lower than expected asset returns during FY 2008 and FY 2009, along with the scheduled recognition of gains and losses from prior years produced an overall loss of \$60.2 million on the actuarial value of assets.

The changes in unfunded actuarial accrued liabilities are shown in Table 10.

## SUMMARY OF VALUATION RESULTS

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### Looking Ahead

Investment markets continue to be volatile. A 5-year smoothed value of assets, used to determine both the funded status and required contribution level, reduces the volatility of the valuation results.

As of July 1, 2009, the actuarial value of assets was 13.6% of market value. This means that meeting the actuarial assumption in the next few years will require average future market returns that exceed the 8.5% investment return assumption.

If the July 1, 2009, valuation results were based on market value instead of smoothed actuarial value, the funding of the plan would be 53.17% (instead of 72.2%) and the required contribution shortfall would be 9.36% (instead of 2.76%). If investment markets do not turn around, the funded ratio and contribution shortfall can be expected to trend in this direction.



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## **SECTION 1**

### **ASSET INFORMATION**

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## ASSETS OF THE PLAN

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The cost value of the plan assets decreased from \$767.1 million as of June 30, 2008, to \$720.1 million as of June 30, 2009. The market value of the plan assets decreased from \$1,023.6 million as of June 30, 2008, to \$ 773.3 million as of June 30, 2009. The expected return on assets using the valuation interest rate assumption of 8.5 percent was \$84.7 million. The actual plan experience showed a (negative) return on assets of \$(195.5) million. Twenty percent of the asset return below the expected \$84.7 million is recognized as an actuarial loss in the development of the actuarial value of assets. The recognized loss from the current year along with the portion of prior gains and losses recognized this year results in an overall loss of \$60.2 million on the actuarial value of assets.

Table 1 shows the composition of assets as of June 30, 2009, and the development of the actuarial value of assets as of June 30, 2009. Table 2 details the development of asset values during fiscal year 2009.

**TABLE 1**  
**ACCOUNTING BALANCE SHEET**  
**AS OF JUNE 30, 2009**  
**(dollars in thousands)**

	Market Value	Cost Value
<b>A. ASSETS</b>		
1. Cash, Equivalents, Short-Term Securities	\$ 7,946	\$ 7,946
2. Investments		
a. Fixed Income	142,294	121,492
b. Equity	553,716	516,953
c. Real Estate	61,750	64,529
d. Alternative	5,575	7,247
3. Other Assets*	<u>10,151</u>	<u>10,151</u>
<b>B. TOTAL ASSETS</b>	<u><u>\$ 781,432</u></u>	<u><u>\$ 728,318</u></u>
<b>C. AMOUNTS CURRENTLY PAYABLE</b>	\$ 8,173	\$ 8,173
<b>D. ASSETS AVAILABLE FOR BENEFITS</b>		
1. Member Reserves	\$ 140,908	\$ 140,908
2. Employer Reserves	<u>632,351</u>	<u>579,237</u>
3. Total Assets Available for Benefits	<u><u>\$ 773,259</u></u>	<u><u>\$ 720,145</u></u>
<b>E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS</b>	<u><u>\$ 781,432</u></u>	<u><u>\$ 728,318</u></u>
<b>F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS</b>		
1. Market Value of Assets Available for Benefits (D.3)	\$ 773,259	
2. Unrecognized Asset Returns		
a. June 30, 2009	\$ (280,135)	
b. June 30, 2008	(175,830)	
c. June 30, 2007	114,209	
d. June 30, 2006	<u>36,135</u>	
3. UAR Adjustment: $.80 * 2(a) + .60 * 2(b) + .40 * 2(c) + .20 * 2(d)$		<u>(276,695)</u>
4. Actuarial Value of Assets (F.1 - F.3)		<u><u>\$ 1,049,954</u></u>
<b>* DERIVATION OF OTHER ASSETS</b>		
Accounts Receivable	<u>Market Value</u>	
Employer Contribution	\$ 1,446	
Employee Contribution	50	
Service Purchases Receivable	37	
Pensions Receivable	1	
State Contributions	376	
Real Estate Income receivable	18	
Commission Recapture Receivable	1	
Interest Receivable	282	
Dividend Receivable	178	
Security Purchases Receivable	145	
Sale of Securities	<u>7,591</u>	
Total Accounts Receivable	\$ 10,125	
Fixed Assets	<u>26</u>	
Total Other Assets	<u><u>\$ 10,151</u></u>	

**TABLE 2**  
**CHANGE IN ASSETS AVAILABLE FOR BENEFITS**  
**AS OF JUNE 30, 2009**  
**(dollars in thousands)**

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 1,023,640	\$ 767,058
B. OPERATING REVENUES		
1. Member Contributions	\$ 13,864	\$ 13,864
2. Employer Contributions	21,501	21,501
3. Supplemental Contributions	3,343	3,343
4. Investment Income	13,732	13,732
5. Investment Expenses	(3,636)	(3,636)
6. Net Realized Gain / (Loss)	(2,088)	(2,088)
7. Other	-	-
8. Net Change in Unrealized Gain / (Loss)	(203,468)	-
9. Total Operating Revenue	\$ (156,752)	\$ 46,716
C. OPERATING EXPENSES		
1. Service retirements	\$ 83,374	\$ 83,374
2. Disability benefits	794	794
3. Survivor benefits	7,969	7,969
4. Refunds	887	887
5. Administrative expenses	605	605
6. Total operating expenses	\$ 93,629	\$ 93,629
D. OTHER CHANGES IN RESERVES	\$ -	\$ -
E. ASSETS AVAILABLE AT END OF PERIOD	\$ 773,259	\$ 720,145
F. DETERMINATION OF CURRENT YEAR UNRECOGNIZED ASSET RETURN		
1. Average Balance		
(a) Assets available at BOY:	\$ 1,023,640	
(b) Assets available at EOY:	773,259	
(c) Average balance $\{[(a) + (b) - \text{Net Investment Income}] / 2\}$ {Net investment income: B.4+B.5+B.6+B.7+B.8}	\$ 996,179	
2. Expected Return: .085 * F.1		84,675
3. Actual Return		(195,459)
4. Current year gross asset return: F.3 - F.2		\$ (280,135)

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## **SECTION 2**

### **TOTAL MEMBERSHIP DATA**

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**TABLE 3**  
**ACTIVE MEMBERS AS OF JUNE 30, 2009**

Age	Years of Service								ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
<25	74	0	0	0	0	0	0	0	74
25-29	261	59	0	0	0	0	0	0	320
30-34	181	241	69	0	0	0	0	0	491
35-39	106	157	234	36	0	0	0	0	533
40-44	88	103	187	118	21	0	0	0	517
45-49	66	77	125	112	107	6	1	0	494
50-54	59	75	106	119	82	78	29	0	548
55-59	70	63	96	102	97	87	80	16	611
60-64	39	34	47	47	47	27	22	27	290
65+	25	5	11	2	9	6	0	4	62
ALL	969	814	875	536	363	204	132	47	3,940

**AVERAGE ANNUAL EARNINGS**

Age	Years of Service								ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
<25	21,192	0	0	0	0	0	0	0	21,192
25-29	36,000	51,593	0	0	0	0	0	0	38,875
30-34	38,013	54,228	61,194	0	0	0	0	0	49,230
35-39	42,955	57,772	66,779	74,390	0	0	0	0	59,902
40-44	39,938	59,489	68,504	74,244	77,678	0	0	0	63,528
45-49	33,727	64,219	68,643	75,615	82,316	91,020	55,162	0	68,075
50-54	37,549	56,738	67,100	75,261	77,567	78,633	88,005	0	68,587
55-59	32,746	50,989	66,617	71,146	76,411	78,148	84,435	79,000	67,735
60-64	32,705	46,043	69,908	75,359	75,967	80,289	84,651	84,001	67,369
65+	10,303	16,972	60,732	77,905	65,257	81,603	0	106,732	43,067
ALL	35,272	55,741	67,087	74,288	78,152	79,097	85,034	84,233	60,345

Prior Fiscal Year Earnings (In THOUSANDS) by Years of Service									
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	ALL
ALL	34,179	45,373	58,701	39,818	28,369	16,136	11,224	3,959	237,760

**TABLE 4**  
**SERVICE RETIREMENTS AS OF JUNE 30, 2009**

Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	1	0	0	0	0	0	0	0	1
55-59	155	0	0	0	0	0	0	0	0	155
60-64	390	196	0	1	0	0	0	0	0	587
65-69	171	314	134	1	0	0	1	0	0	621
70-74	21	125	248	79	1	0	0	0	0	474
75-79	4	14	124	148	54	1	1	0	0	346
80-84	1	4	12	70	124	32	2	0	0	245
85-89	0	1	2	5	45	54	10	0	0	117
90+	0	1	0	1	6	21	34	5	1	69
ALL	742	656	520	305	230	108	48	5	1	2,615

**AVERAGE ANNUAL BENEFIT**

Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	2,400	0	0	0	0	0	0	0	2,400
55-59	28,320	0	0	0	0	0	0	0	0	28,320
60-64	32,043	35,348	0	11,775	0	0	0	0	0	33,112
65-69	24,729	30,352	31,070	27,269	0	0	53,170	0	0	28,990
70-74	29,991	31,633	40,012	31,232	64,022	0	0	0	0	35,946
75-79	8,073	8,714	47,140	38,154	31,143	58,219	56,772	0	0	38,853
80-84	463	26,571	41,401	42,345	32,654	23,693	67,487	0	0	34,734
85-89	0	30,515	33,842	42,396	26,945	32,661	25,783	0	0	30,293
90+	0	55,535	0	73,878	39,941	26,169	21,725	25,227	16,968	26,092
ALL	29,350	31,600	39,416	37,388	31,509	28,978	25,862	25,227	16,968	32,951

**Total Annual Benefit (IN THOUSANDS) by Years RETIRED**

Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	21,778	20,730	20,496	11,403	7,247	3,130	1,241	126	17	86,168

**TABLE 5**  
**DISABILITY RETIREMENTS AS OF JUNE 30, 2009**

Age	Years Disabled									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	1	0	0	0	0	0	0	0	0	1
50-54	1	2	1	0	0	0	0	0	0	4
55-59	4	2	0	0	0	0	0	0	0	6
60-64	6	2	5	1	0	0	0	0	0	14
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	12	6	6	1	0	0	0	0	0	25

**AVERAGE ANNUAL BENEFIT**

Age	Years Disabled									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	23,191	0	0	0	0	0	0	0	0	23,191
50-54	12,761	24,214	5,364	0	0	0	0	0	0	16,638
55-59	7,472	27,118	0	0	0	0	0	0	0	14,020
60-64	44,235	26,595	49,774	30,918	0	0	0	0	0	42,742
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	27,604	25,976	42,372	30,918	0	0	0	0	0	30,890

Age	Total Annual Benefit (IN THOUSANDS) by Years DISABLED									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
ALL	331	156	254	31	0	0	0	0	0	772



**TABLE 6**  
**SURVIVORS AS OF JUNE 30, 2009**

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	1	6	3	0	0	0	0	0	0	10
45-49	0	0	0	0	0	0	0	0	0	0
50-54	3	3	0	0	0	0	0	0	0	6
55-59	2	2	1	0	1	0	0	1	0	7
60-64	1	6	6	3	2	1	0	0	0	19
65-69	1	8	8	9	5	1	0	0	0	32
70-74	2	4	11	20	6	4	2	0	0	49
75-79	0	1	1	15	19	4	2	1	0	43
80-84	0	0	1	5	27	20	3	0	0	56
85-89	0	0	0	3	8	22	10	1	0	44
90+	0	0	0	0	0	6	17	4	0	27
ALL	10	30	31	55	68	58	34	7	0	293

**AVERAGE ANNUAL BENEFIT**

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	510	9,847	2,315	0	0	0	0	0	0	6,654
45-49	0	0	0	0	0	0	0	0	0	0
50-54	20,823	13,956	0	0	0	0	0	0	0	17,390
55-59	30,062	8,056	13,331	0	26,278	0	0	3,350	0	17,028
60-64	15,460	15,043	29,697	22,569	16,394	19,389	0	0	0	21,252
65-69	19,363	26,885	37,800	41,972	18,032	23,172	0	0	0	32,123
70-74	33,174	34,067	41,183	34,349	32,054	16,968	23,131	0	0	33,654
75-79	0	32,842	13,925	37,744	29,592	26,065	26,246	16,342	0	31,355
80-84	0	0	51,573	39,916	30,492	25,212	33,228	0	0	29,971
85-89	0	0	0	61,313	26,424	26,665	21,367	17,301	0	27,566
90+	0	0	0	0	0	19,841	21,137	22,021	0	20,980
ALL	22,428	19,717	32,883	37,857	28,507	24,562	22,689	17,868	0	27,907

Age	Total Annual Benefit (IN THOUSANDS) by Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
ALL	224	592	1,019	2,082	1,938	1,425	771	125	0	8,177

**TABLE 7**  
**RECONCILIATION OF MEMBERS**  
**AS OF JUNE 30, 2009**

	Active Participants	Leave of Absence	Vested Terminated	Other Non-Vested	Retired Participants	Disableds	Survivors and Beneficiaries	Alternate Payees	Total
A. Number as of June 30, 2008	4,019	102	1,695	1,403	2,514	26	290	21	10,070
B. Additions	355	47	201	329	132	1	16	2	1,083
C. Deletions									
1. Retirements	(97)	(2)	(32)	-	-	-	-	-	(131)
2. Disability	(1)	-	-	-	-	-	-	-	(1)
3. Died With Beneficiary	-	(1)	-	-	(15)	-	(12)	-	(28)
4. Died Without Beneficiary	(2)	-	(1)	(1)	(37)	(1)	-	-	(42)
5. Terminated - Deferred	(101)	(25)	-	(75)	-	-	-	-	(201)
6. Terminated - Not Vested	(325)	(3)	(1)	-	-	-	-	-	(329)
7. Refunds	(17)	(1)	(30)	(116)	-	-	-	-	(164)
8. Rehired as Active	74	(37)	(13)	(18)	-	-	-	-	6
9. Leave of Absence	(47)	-	-	-	-	-	-	-	(47)
10. Expired Benefits	-	-	-	-	-	-	(2)	(1)	(3)
11. Disability to Retirement	-	-	-	-	-	(1)	-	-	(1)
12. Write-offs	-	-	-	(74)	-	-	-	-	(74)
D. Data Adjustments <sup>1</sup>	2	-	4	3	(1)	-	1	-	9
E. Total on June 30, 2009	3,860	80	1,823	1,451	2,593	25	293	22	10,147

<sup>1</sup> Includes members not valued in prior valuation who repaid refunds for prior service.

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## **SECTION 3**

### **FUNDING STATUS**

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**TABLE 8**  
**ACTUARIAL BALANCE SHEET**  
**AS OF JULY 1, 2009**  
**(dollars in thousands)**

A. CURRENTS ASSETS (TABLE 1; Line F.4)				\$	1,049,954
B. EXPECTED FUTURE ASSETS					
1. Present Value of Expected Future Statutory Supplemental Contributions				\$	288,588
2. Present Value of Future Normal Costs					214,218
3. Total Expected Future Assets				\$	502,806
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS				\$	1,552,760
D. CURRENT BENEFIT OBLIGATIONS					
		Non-Vested	Vested		Total
1. Benefit Recipients					
a. Retirement Annuitants			\$ 871,957	\$	871,957
b. Disability Benefits			6,900		6,900
c. Surviving Spouse and Child Benefits			63,548		63,548
2. Deferred Retirements			48,169		48,169
3. Former Members Without Vested Rights			1,752		1,752
4. Active Members					
a. Retirement Annuitants	\$	1,698	\$ 383,587	\$	385,285
b. Disability Benefits		35	4,288		4,323
c. Surviving Spouse and Child Benefits		42	5,568		5,610
d. Withdrawals		837	16,296		17,133
5. Total Current Benefit Obligations	\$	2,612	\$ 1,402,065		1,404,677
E. EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	263,855
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	1,668,532
G. CURRENT UNFUNDED ACTUARIAL LIABILITY (D.5 - A)				\$	354,723
H. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (F - C)				\$	115,772

**TABLE 9**  
**DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)**  
**AND SUPPLEMENTAL CONTRIBUTION RATE**  
**AS OF JULY 1, 2009**  
**(dollars in thousands)**

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
<b>A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)</b>			
1. Active Members			
a. Retirement Benefits*	\$ 629,257	\$ 178,728	\$ 450,529
b. Disability Benefits	7,641	3,266	4,375
c. Surviving Spouse and Child Benefits	10,326	4,123	6,203
d. Withdrawals	28,981	28,100	881
e. Total	<u>\$ 676,206</u>	<u>\$ 214,218</u>	<u>\$ 461,988</u>
2. Deferred Retirements	\$ 48,169	-	\$ 48,169
3. Former Members Without Vested Rights	1,752	-	1,752
4. Annuitants	942,405	-	942,405
5. Total	<u>\$ 1,668,532</u>	<u>\$ 214,218</u>	<u>\$ 1,454,314</u>
<b>B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)</b>			
1. Actuarial Accrued Liability (A.5)			\$ 1,454,314
2. Current Assets (Table 1; Line F.4)			<u>1,049,954</u>
3. Unfunded Actuarial Accrued Liability (B.1 - B.2)			<u>\$ 404,360</u>
<b>C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE</b>			
1. Present Value of Future Payrolls Through the Amortization Date of June 30, 2034 (25-year rolling amortization)			4,194,590
2. Supplemental Contribution Rate (B.3 / C.1)			<u>9.64%</u>

\*Includes members on leave of absence.

**TABLE 10**  
**CHANGES IN UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)**  
**AS OF JULY 1, 2009**  
**(dollars in thousands)**

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A. UAAL AT BEGINNING OF YEAR	\$ 356,089
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1. Normal Cost and Expenses	\$ 22,001
2. Contributions	(38,708)
3. Interest	30,492
4. Total	<u>\$ 13,785</u>
C. EXPECTED UAAL AT END OF YEAR (A.4 + B.4)	\$ 369,874
D. INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1. Age and Service Retirements	\$ (2,248)
2. Disability Retirements	47
3. Death-in-Service Benefits	75
4. Withdrawals	(1,064)
5. Salary Increases	(5,264)
6. Investment Income	60,198
7. Mortality of Annuitants	482
8. Other Items	(379)
9. Total	<u>\$ 51,847</u>
E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.10)	\$ 421,721
F. CHANGE IN UAAL DUE TO PLAN AMENDMENTS	(17,361)
G. CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	<u>-</u>
H. UAAL AT END OF YEAR (E + F + G)	<u><u>\$ 404,360</u></u>

**TABLE 11**  
**DETERMINATION OF CONTRIBUTION SUFFICIENCY**  
**AS OF JULY 1, 2009**  
**(dollars in thousands)**

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	5.58%	\$ 14,108
2. Employer Contributions	8.45%	\$ 21,351
3. Supplemental Contribution		
a. 1996 Legislation	0.49%	1,230
b. 1997 Legislation	1.12%	2,827
4. Total	<u>15.64%</u>	<u>\$ 39,516</u>
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.11%	\$ 17,980
b. Disability Benefits	0.13%	337
c. Surviving Spouse and Child Benefits	0.16%	406
d. Withdrawals	1.12%	2,835
e. Total	8.52%	\$ 21,558
2. Supplemental Contribution Amortization	9.64%	24,363
3. Allowance for Administrative Expenses	0.24%	607
4. Total	<u>18.40%</u>	<u>\$ 46,528</u>
C. CONTRIBUTION SUFFICIENCY / (DEFICIENCY) (A.4 - B.4)	(2.76%)	(7,012)
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		\$ 252,726

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## **SECTION 4**

### **ACTUARIAL METHODS AND ASSUMPTIONS**

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**TABLE 12**  
**ACTUARIAL METHODS AND ASSUMPTIONS**  
**AS OF JULY 1, 2009**

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**I. ACTUARIAL COST METHOD**

An Actuarial Cost Method is a set of techniques used by the actuary to develop contribution levels under a retirement plan. The Actuarial Cost Method used in this valuation for all purposes is the Entry Age Actuarial Cost Method. Under this Method, a Normal Cost is developed by amortizing the actuarial value of benefits expected to be received by each active participant (as a level percentage of pay) over the total working lifetime of that participant, from hire to termination.

To the extent that current assets and future Normal Costs do not support participants' expected future benefits, an Unfunded Actuarial Accrued liability ("UAAL") develops. The UAAL is amortized over the statutory amortization period using level percent of payroll assuming payroll increases of 5.00% per annum. The total contribution developed under this method is the sum of the Normal Cost and the payment toward the UAAL.

**II. CURRENT ACTUARIAL ASSUMPTIONS**

**A. Demographic Assumptions**

Mortality:

1. Healthy Pre-Retirement:
  - a. Male: 1983 Group Annuity Mortality Table for Males set back 7 years
  - b. Female: 1983 Group Annuity Mortality Table for Females set back 5 years
2. Healthy Post-Retirement
  - a. Male: 1983 Group Annuity Mortality Table for Males set back 4 years
  - b. Female: 1983 Group Annuity Mortality Table for Females set back 1 year
3. Disabled Mortality
  - a. Male: 1977 Railroad Retirement Board Mortality Table for Disabled Lives
  - b. Female: 1977 Railroad Retirement Board Mortality Table for Disabled Lives

**TABLE 12**  
**ACTUARIAL METHODS AND ASSUMPTIONS**  
**AS OF JULY 1, 2009**

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*Deaths Expressed as the Number of Occurrences per 10,000:*

<u>Age</u>	<u>Pre-Retirement Mortality</u>		<u>Post-Retirement Mortality</u>		<u>Post-Disability Mortality</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	3	1	3	2	57	57
21	3	1	3	2	60	60
22	3	2	4	2	63	63
23	3	2	4	2	66	66
24	3	2	4	2	69	69
25	4	2	4	2	72	72
26	4	2	4	3	75	75
27	4	2	4	3	79	79
28	4	2	4	3	82	82
29	4	2	5	3	87	87
30	4	3	5	3	91	91
31	4	3	5	3	95	95
32	5	3	5	4	99	99
33	5	3	6	4	103	103
34	5	3	6	4	107	107
35	5	3	6	4	273	273
36	6	4	7	5	273	273
37	6	4	7	5	273	273
38	6	4	8	5	273	273
39	7	4	9	6	273	273
40	7	5	9	6	273	273
41	8	5	10	7	273	273
42	9	5	10	7	273	273
43	9	6	11	8	274	274
44	10	6	12	8	274	274

**TABLE 12**  
**ACTUARIAL METHODS AND ASSUMPTIONS**  
**AS OF JULY 1, 2009**

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*Deaths Expressed as the Number of Occurrences per 10,000:*

<u>Age</u>	<u>Pre-Retirement Mortality</u>		<u>Post-Retirement Mortality</u>		<u>Post-Disability Mortality</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
45	10	7	14	9	274	274
46	11	7	15	10	275	275
47	12	8	17	11	276	276
48	14	8	19	12	279	279
49	15	9	22	14	283	283
50	17	10	25	15	289	289
51	19	11	28	16	297	297
52	22	12	31	18	310	310
53	25	14	35	19	327	327
54	28	15	39	21	348	348
55	31	16	43	23	371	371
56	35	18	48	25	395	395
57	39	19	52	28	417	417
58	43	21	57	31	437	437
59	48	23	61	34	455	455
60	52	25	66	38	473	473
61	57	28	71	42	494	494
62	61	31	77	47	516	516
63	66	34	84	52	541	541
64	71	38	92	58	569	569
65	77	42	101	64	598	598
66	84	47	111	71	628	628
67	92	52	124	78	658	658
68	101	58	139	87	687	687
69	111	64	156	97	716	716

**TABLE 12**  
**ACTUARIAL METHODS AND ASSUMPTIONS**  
**AS OF JULY 1, 2009**

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Rates of Disability:

*Disability Expressed as the Number of Occurrences per 10,000:*

<u>Age</u>	<u>Disability</u>	<u>Age</u>	<u>Disability</u>
20	1	45	4
21	1	46	4
22	1	47	4
23	1	48	4
24	1	49	4
25	1	50	7
26	1	51	7
27	1	52	7
28	1	53	7
29	1	54	7
30	2	55	14
31	2	56	14
32	2	57	14
33	2	58	14
34	2	59	14
35	2	60	29
36	2	61	29
37	2	62	29
38	2	63	29
39	2	64	29
40	2		
41	2		
42	2		
43	2		
44	2		

**TABLE 12**  
**ACTUARIAL METHODS AND ASSUMPTIONS**  
**AS OF JULY 1, 2009**

Rates of Termination:

Years of Service	Number of Terminations per 1,000 Active Members	
	Male	Female
0	400	400
1	180	160
2	110	100
3	90	70
4	44	62
5	41	55
6	38	48
7	35	41
8	32	30
9	29	28
10	26	26
11& Over	16	10

Rates of Retirement:

*Retirements Expressed as the Number of Occurrences per 10,000:*

Age	Basic Members Eligible for Rule of 90 Provision	Basic Members Not Eligible for Rule of 90 Provision	Coordinated Members Eligible for Rule of 90 Provision	Coordinated Members Not Eligible for Rule of 90 Provision
<55	5,000	0	5,000	0
55	5,000	800	5,000	500
56	5,000	1,300	5,000	500
57	4,000	1,300	4,000	500
58	4,000	1,800	4,000	700
59	3,500	1,800	4,000	700
60	3,500	2,000	4,000	700
61	3,500	2,000	4,500	1,000
62	3,500	4,000	4,500	2,000
63	3,500	4,000	3,000	2,000
64	4,000	4,000	3,000	2,000
65	5,000	5,000	5,000	3,500
66	3,000	5,000	3,000	3,000
67	3,000	5,000	3,000	3,000
68	3,000	5,000	3,000	3,000
69	3,000	5,000	3,000	3,000
70 & Over	10,000	10,000	10,000	10,000

**TABLE 12**  
**ACTUARIAL METHODS AND ASSUMPTIONS**  
**AS OF JULY 1, 2009**

***B. Economic Assumptions***

Investment Return Rate:	Pre-retirement - 8.50% per annum Post-retirement - 8.50% per annum
Cost of Living Increases:	0.00% at January 1, 2010 (actual); 2.00% per annum thereafter
Future Salary Increases:	In addition to the age-based rates shown below, during a ten-year select period, a service-based component of 0.30% x (10-T), where T is completed years of service, is included in the salary increase used.

*Annual Salary Increases*

Ultimate Rate of Annual Salary Increases		Ultimate Rate of Annual Salary Increases	
Age		Age	
<22	6.90%	45	5.75%
23	6.85	46	5.70
24	6.80	47	5.65
		48	5.60
25	6.75	49	5.55
26	6.70		
27	6.65	50	5.50
28	6.60	51	5.45
29	6.55	52	5.40
		53	5.35
30	6.50	54	5.30
31	6.45		
32	6.40	55	5.25
33	6.35	56	5.20
34	6.30	57	5.15
		58	5.10
35	6.25	59	5.05
36	6.20		
37	6.15	60 & Over	5.00
38	6.10		
39	6.05		
40	6.00		
41	5.95		
42	5.90		
43	5.85		
44	5.80		

Asset Value:	The actuarial value of assets is smoothed by using a five-year average market value.
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**TABLE 12**  
**ACTUARIAL METHODS AND ASSUMPTIONS**  
**AS OF JULY 1, 2009**

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***C. Other Assumptions***

Marital Status:	It is assumed that 85% of male members and 60% of female members have an eligible spouse. The male spouse is assumed four years older than the female spouse. Married members are assumed to have two dependent children.
Deferred Benefit Commencement:	Basic Plan members who terminate vested are assumed to commence benefits at age 60. Coordinated Plan members are assumed to commence benefits at age 63. If the member is already past the assumed deferral age, the member is assumed to commence benefits one year from the valuation date.
Administrative Expenses:	Prior year administrative expenses (excluding investment expenses) expressed as a percentage of prior year payroll.
Allowance for Combined Service Annuity:	7.00% load on liabilities for active members and 30.00% load on liabilities for former members.
Missing Salary and Salary Minimums:	Active members with reported salaries of \$100 or less were assumed to have the average non-zero active salary. Deferred vested members without salary information were valued using accumulated contributions. For members on leave of absence at valuation date who were not on leave at the prior valuation date, the prior year's valuation pay was used. Active members with salaries less than those reported at the prior valuation date are valued using their prior salary amount.
Accelerated Benefit Option:	Retired members who have elected the accelerated benefit option and who have not yet attained the age of 65 are assumed to receive 50 percent of their pre-65 benefit after age 65.
Supplemental Contributions:	According to 1996 legislation, the St. Paul School District and the State of Minnesota are scheduled to make a combined annual supplemental contributions of \$1,230,000. According to 1997 legislation, annual supplemental contributions of \$2,827,000 are scheduled to be paid on October 1.

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## **SECTION 5**

### **BASIC PLAN**

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**TABLE 3A**  
**BASIC ACTIVE MEMBERS AS OF JUNE 30, 2009**

Age	Years of Service								ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
<25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	1	8	0	9
55-59	0	0	0	0	1	11	29	10	51
60-64	0	0	0	0	0	2	10	18	30
65+	0	0	0	0	0	1	0	3	4
ALL	0	0	0	0	1	15	47	31	94

**AVERAGE ANNUAL EARNINGS**

Age	Years of Service								ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
<25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	84,800	84,546	0	84,574
55-59	0	0	0	0	96,107	78,145	82,744	81,593	81,788
60-64	0	0	0	0	0	83,664	87,157	83,026	84,446
65+	0	0	0	0	0	94,302	0	114,637	109,553
ALL	0	0	0	0	96,107	80,402	83,990	85,623	84,085

Prior Fiscal Year Earnings (In THOUSANDS) by Years of Service									
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	ALL
ALL	0	0	0	0	96	1,206	3,948	2,654	7,904

**TABLE 4A**  
**BASIC SERVICE RETIREMENTS AS OF JUNE 30, 2009**

Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0
55-59	77	0	0	0	0	0	0	0	0	77
60-64	204	157	0	1	0	0	0	0	0	362
65-69	49	210	107	1	0	0	1	0	0	368
70-74	7	64	202	71	1	0	0	0	0	345
75-79	0	0	100	133	54	1	1	0	0	289
80-84	0	1	8	57	120	32	2	0	0	220
85-89	0	0	2	4	40	53	10	0	0	109
90+	0	1	0	1	6	20	34	5	1	68
ALL	337	433	419	268	221	106	48	5	1	1,838

**AVERAGE ANNUAL BENEFIT**

Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0
55-59	39,183	0	0	0	0	0	0	0	0	39,183
60-64	44,439	39,065	0	11,775	0	0	0	0	0	42,018
65-69	44,837	37,742	35,904	27,269	0	0	53,170	0	0	38,166
70-74	59,029	46,943	46,040	33,795	64,022	0	0	0	0	44,003
75-79	0	0	54,463	41,073	31,143	58,219	56,772	0	0	43,964
80-84	0	38,163	49,150	48,975	33,528	23,693	67,487	0	0	36,997
85-89	0	0	33,842	45,118	29,817	33,040	25,783	0	0	31,650
90+	0	55,535	0	73,878	39,941	27,292	21,725	25,227	16,968	26,421
ALL	43,599	39,624	45,463	40,847	32,586	29,371	25,862	25,227	16,968	40,014

Total Annual Benefit (IN THOUSANDS) by Years RETIRED										
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	14,693	17,157	19,049	10,947	7,201	3,113	1,241	126	17	73,545

**TABLE 5A**  
**BASIC DISABILITY RETIREMENTS AS OF JUNE 30, 2009**

Age	Years Disabled									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	1	0	0	0	0	0	0	0	0	1
55-59	0	1	0	0	0	0	0	0	0	1
60-64	5	1	4	1	0	0	0	0	0	11
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	6	2	4	1	0	0	0	0	0	13

**AVERAGE ANNUAL BENEFIT**

Age	Years Disabled									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	12,761	0	0	0	0	0	0	0	0	12,761
55-59	0	44,939	0	0	0	0	0	0	0	44,939
60-64	52,084	36,254	57,664	30,918	0	0	0	0	0	50,750
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	45,530	40,597	57,664	30,918	0	0	0	0	0	47,380

Total Annual Benefit (IN THOUSANDS) by Years DISABLED										
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	273	81	231	31	0	0	0	0	0	616

**TABLE 6A**  
**BASIC SURVIVORS AS OF JUNE 30, 2009**

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	1	0	0	0	0	0	0	0	1
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	1	0	0	0	0	0	0	0	1
55-59	1	1	1	0	1	0	0	1	0	5
60-64	0	4	5	2	2	1	0	0	0	14
65-69	0	5	7	9	5	1	0	0	0	27
70-74	1	3	10	19	6	4	2	0	0	45
75-79	0	1	0	14	19	4	2	1	0	41
80-84	0	0	1	3	27	20	3	0	0	54
85-89	0	0	0	3	8	22	10	1	0	44
90+	0	0	0	0	0	6	17	4	0	27
ALL	2	16	24	50	68	58	34	7	0	259

**AVERAGE ANNUAL BENEFIT**

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	11,317	0	0	0	0	0	0	0	11,317
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	22,731	0	0	0	0	0	0	0	22,731
55-59	47,825	983	13,331	0	26,278	0	0	3,350	0	18,353
60-64	0	17,084	34,859	27,377	16,394	19,389	0	0	0	24,969
65-69	0	33,381	39,996	41,972	18,032	23,172	0	0	0	34,739
70-74	61,382	31,304	42,597	34,824	32,054	16,968	23,131	0	0	34,431
75-79	0	32,842	0	39,864	29,592	26,065	26,246	16,342	0	32,348
80-84	0	0	51,573	61,677	30,492	25,212	33,228	0	0	30,811
85-89	0	0	0	61,313	26,424	26,665	21,367	17,301	0	27,566
90+	0	0	0	0	0	19,841	21,137	22,021	0	20,980
ALL	54,604	24,814	39,381	40,425	28,507	24,562	22,689	17,868	0	29,854

Age	Total Annual Benefit (IN THOUSANDS) by Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
ALL	109	397	945	2,021	1,938	1,425	771	125	0	7,732

**TABLE 11A**  
**BASIC DETERMINATION OF CONTRIBUTION SUFFICIENCY**  
**AS OF JULY 1, 2009**  
**(dollars in thousands)**

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	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	8.00%	\$ 665
2. Employer Contributions	11.64%	967
3. Supplemental Contribution		
a. 1996 Legislation	0.49%	40
b. 1997 Legislation	1.12%	93
4. Total	21.25%	\$ 1,765
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	11.17%	\$ 928
b. Disability Benefits	0.34%	28
c. Surviving Spouse and Child Benefits	0.13%	11
d. Deferred Retirements	1.88%	156
e. Total	13.52%	\$ 1,123
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		\$ 8,308

## **SUMMARY OF BENEFIT PROVISIONS FOR BASIC MEMBERS AS OF JULY 1, 2009**

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### **STATUTORY CONTRIBUTIONS**

The statutory contributions for members and the employer are 8.00% and 11.64% of salary respectively.

### **PARTICIPANTS**

Professional Educators first employed prior to July 1, 1978 by schools in the City of St. Paul or St. Paul Technical College (including charter schools) whose position requires a license from the Minnesota Department of Education, who are not covered under the Social Security Act.

### **ACCREDITED SERVICE**

Service which has been verified and accredited by the Association for the purpose of determining dues and benefits. May include service earned while working outside of St. Paul Public Schools, previous St. Paul service, military service and governmental service.

### **ACCREDITED ST. PAUL SERVICE**

Service earned as a licensed educator in the St. Paul Public Schools, in the St. Paul Technical College, or in certain charter schools, or as an employee of the Association. Also includes accredited service earned as a licensed teacher on leave.

### **SALARY**

Total compensation earned during a school year (July 1 to June 30) excluding lump sum payments for unused leave at termination and employer-paid insurance coverage.

### **AVERAGE SALARY**

Average of the highest five years of Salary during the last 10 years of St. Paul service while making contributions or while disabled.

### **NORMAL RETIREMENT BENEFIT**

#### ***Eligibility***

Attainment of age 65 and 5 years of Accredited Service.

#### ***Benefit***

2.50 percent of Average Salary for each year of Accredited Service.

## **SUMMARY OF BENEFIT PROVISIONS FOR BASIC MEMBERS AS OF JULY 1, 2009**

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### **EARLY RETIREMENT BENEFIT**

#### ***Eligibility***

Attainment of age 55 and 5 years of Accredited Service.

#### ***Benefit***

The greater of the following benefits:

- 2.00 percent of Average Salary per year of Accredited Service, subject to a maximum of 40 years with a 0.25% reduction for each month the member is under age 65. If the member has 25 years of Accredited Service, the reduction is taken from age 60, and no reduction is required if the member is age 60 or older. No reduction is taken if age plus years of Accredited Service totals at least 90.
- 2.50 percent of Average Salary per year of Accredited Service, subject to a maximum of 40 years, augmented at 3.00 percent compounded annually from the age at retirement until age 65 and then actuarially reduced for each month the member is under age 65.

### **DISABILITY RETIREMENT BENEFIT**

#### ***Eligibility***

Total and permanent disablement before attaining age 65 and 5 years of Accredited Service.

#### ***Benefit***

If the member is under age 65, 75 percent of the member's annual contract salary less any Social Security and Workers' Compensation benefits payable until age 65. At age 65, a normal retirement benefit is calculated using the projected service and average salary as if the member had continued to teach in their position held at the time of disability. Members age 65 or older at time of disability receive a normal retirement benefit.

### **DEFERRED RETIREMENT BENEFIT**

#### ***Eligibility***

5 years of Accredited Service.

#### ***Benefit***

2.50 percent of Average Salary per year of Accredited Service augmented at 3.00 percent compounded annually from the age at termination until 55 and then augmented at 5.00 percent compounded annually from age 55 to the age at which benefits commence. The benefit is actuarially reduced for each month the member is under age 65 at benefit commencement.

## **SUMMARY OF BENEFIT PROVISIONS FOR BASIC MEMBERS AS OF JULY 1, 2009**

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### **ACTIVE SURVIVOR BENEFIT (Family Benefit)**

#### ***Eligibility***

Active member with three years of Accredited Service.

#### ***Benefit***

- Children's Benefit: 25 percent of the maximum B.A. salary for the year in which the member died for each eligible child up to a maximum of two. Benefits are paid until the child attains age 18, or 22 for full-time students.
- Spousal Benefit: 15 percent of the maximum B.A. salary for an eligible spouse who has legal custody of an eligible child. Spousal benefits cease when the spouse remarries, dies, or elects the regular survivor benefit. Electing the regular survivor benefit does not disqualify the child from receiving the family benefit.

### **SURVIVOR BENEFIT (Active or Retired Member)**

#### ***Eligibility***

Active member or retired member with five years of Accredited Service. A surviving spouse must have been married to the member for three years at the earlier of his death or retirement.

#### ***Benefit***

Retirement benefit earned at the time of death or retirement, whichever is earlier, reduced by the use of one hundred percent joint survivorship tables, based on the ages of the member and survivor at the time of retirement.

### **REFUND OF CONTRIBUTIONS**

#### ***Eligibility***

Termination or death where no annuity is payable or a refund of contributions is chosen in lieu of an annuity.

#### ***Benefit***

Member contributions with 6.00 percent interest (5.00 percent if terminated before May 16, 1989).

### **NORMAL FORM OF RETIREMENT BENEFITS**

Unreduced annuity payments made until the death of the member, with a 100 percent Joint & Survivor adjusted pension payable to the surviving beneficiary.



## SUMMARY OF BENEFIT PROVISIONS FOR BASIC MEMBERS AS OF JULY 1, 2009

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### BENEFIT INCREASES

#### *Statutory Formula*

2.00 percent compounded annually. Additional ad hoc increases are given in years when the five year time-weighted rate of return exceeds 8.50 percent. Increases occur on January 1st of each year. To be eligible, the member must have been receiving benefits for at least 12 months at the prior fiscal year end. Beneficiaries are entitled to the same benefit increases the member would have received.

#### *Temporary Session Law Pilot Study Formula*

For calendar years 2010 and 2011, the post-retirement adjustment is to be determined differently under a pilot project authorized by the Legislature. Increases will be equal to the Consumer Price Index urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost of living adjustments to recipients of federal old age, survivors, and disability insurance.

The cost-of-living adjustment is determined by dividing the most recent average of third quarter monthly index values by the same average third quarter index value from the previous year, subtracting the quantity one from the resulting quotient, and expressing the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent. The final amount may not be a negative number and may not exceed 5.0 percent. Partial increases are granted for new retirees in the calendar year immediately preceding the increase on the basis of whole calendar quarters that the benefit recipient has been in pay status, calculated to the third decimal place.

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## **SECTION 6**

### **COORDINATED PLAN**

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**TABLE 3B**  
**COORDINATED ACTIVE MEMBERS AS OF JUNE 30, 2009**

Age	Years of Service								ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
<25	74	0	0	0	0	0	0	0	74
25-29	261	59	0	0	0	0	0	0	320
30-34	181	241	69	0	0	0	0	0	491
35-39	106	157	234	36	0	0	0	0	533
40-44	88	103	187	118	21	0	0	0	517
45-49	66	77	125	112	107	6	1	0	494
50-54	59	75	106	119	82	77	21	0	539
55-59	70	63	96	102	96	76	51	6	560
60-64	39	34	47	47	47	25	12	9	260
65+	25	5	11	2	9	5	0	1	58
ALL	969	814	875	536	362	189	85	16	3,846

**AVERAGE ANNUAL EARNINGS**

Age	Years of Service								ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
<25	21,192	0	0	0	0	0	0	0	21,192
25-29	36,000	51,593	0	0	0	0	0	0	38,875
30-34	38,013	54,228	61,194	0	0	0	0	0	49,230
35-39	42,955	57,772	66,779	74,390	0	0	0	0	59,902
40-44	39,938	59,489	68,504	74,244	77,678	0	0	0	63,528
45-49	33,727	64,219	68,643	75,615	82,316	91,020	55,162	0	68,075
50-54	37,549	56,738	67,100	75,261	77,567	78,553	89,323	0	68,320
55-59	32,746	50,989	66,617	71,146	76,205	78,148	85,396	74,677	66,455
60-64	32,705	46,043	69,908	75,359	75,967	80,019	82,562	85,951	65,399
65+	10,303	16,972	60,732	77,905	65,257	79,063	0	83,015	38,482
ALL	35,272	55,741	67,087	74,288	78,102	78,993	85,610	81,540	59,765

Prior Fiscal Year Earnings (In THOUSANDS) by Years of Service									
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	ALL
ALL	34,179	45,373	58,701	39,818	28,273	14,930	7,277	1,305	229,856

**TABLE 4B**  
**COORDINATED SERVICE RETIREMENTS AS OF JUNE 30, 2009**

Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	1	0	0	0	0	0	0	0	1
55-59	78	0	0	0	0	0	0	0	0	78
60-64	186	39	0	0	0	0	0	0	0	225
65-69	122	104	27	0	0	0	0	0	0	253
70-74	14	61	46	8	0	0	0	0	0	129
75-79	4	14	24	15	0	0	0	0	0	57
80-84	1	3	4	13	4	0	0	0	0	25
85-89	0	1	0	1	5	1	0	0	0	8
90+	0	0	0	0	0	1	0	0	0	1
ALL	405	223	101	37	9	2	0	0	0	777

**AVERAGE ANNUAL BENEFIT**

Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	2,400	0	0	0	0	0	0	0	2,400
55-59	17,595	0	0	0	0	0	0	0	0	17,595
60-64	18,448	20,384	0	0	0	0	0	0	0	18,784
65-69	16,653	15,429	11,913	0	0	0	0	0	0	15,644
70-74	15,471	15,571	13,542	8,483	0	0	0	0	0	14,397
75-79	8,073	8,714	16,625	12,280	0	0	0	0	0	12,938
80-84	463	22,707	25,901	13,274	6,435	0	0	0	0	14,820
85-89	0	30,515	0	31,508	3,969	12,577	0	0	0	11,805
90+	0	0	0	0	0	3,717	0	0	0	3,717
ALL	17,493	16,020	14,329	12,328	5,065	8,147	0	0	0	16,245

Total Annual Benefit (IN THOUSANDS) by Years RETIRED										
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	7,085	3,572	1,447	456	46	16	0	0	0	12,622

**TABLE 5B**  
**COORDINATED DISABILITY RETIREMENTS AS OF JUNE 30, 2009**

Age	Years Disabled									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	1	0	0	0	0	0	0	0	0	1
50-54	0	2	1	0	0	0	0	0	0	3
55-59	4	1	0	0	0	0	0	0	0	5
60-64	1	1	1	0	0	0	0	0	0	3
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	6	4	2	0	0	0	0	0	0	12

**AVERAGE ANNUAL BENEFIT**

Age	Years Disabled									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	23,191	0	0	0	0	0	0	0	0	23,191
50-54	0	24,214	5,364	0	0	0	0	0	0	17,930
55-59	7,472	9,297	0	0	0	0	0	0	0	7,837
60-64	4,989	16,935	18,216	0	0	0	0	0	0	13,380
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	9,678	18,665	11,790	0	0	0	0	0	0	13,025

Total Annual Benefit (IN THOUSANDS) by Years DISABLED										
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	58	75	24	0	0	0	0	0	0	156

**TABLE 6B**  
**COORDINATED SURVIVORS AS OF JUNE 30, 2009**

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	1	5	3	0	0	0	0	0	0	9
45-49	0	0	0	0	0	0	0	0	0	0
50-54	3	2	0	0	0	0	0	0	0	5
55-59	1	1	0	0	0	0	0	0	0	2
60-64	1	2	1	1	0	0	0	0	0	5
65-69	1	3	1	0	0	0	0	0	0	5
70-74	1	1	1	1	0	0	0	0	0	4
75-79	0	0	1	1	0	0	0	0	0	2
80-84	0	0	0	2	0	0	0	0	0	2
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	8	14	7	5	0	0	0	0	0	34

**AVERAGE ANNUAL BENEFIT**

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	510	9,553	2,315	0	0	0	0	0	0	6,136
45-49	0	0	0	0	0	0	0	0	0	0
50-54	20,823	9,568	0	0	0	0	0	0	0	16,321
55-59	12,300	15,129	0	0	0	0	0	0	0	13,715
60-64	15,460	10,961	3,885	12,955	0	0	0	0	0	10,845
65-69	19,363	16,058	22,428	0	0	0	0	0	0	17,993
70-74	4,967	42,356	27,046	25,318	0	0	0	0	0	24,922
75-79	0	0	13,925	8,061	0	0	0	0	0	10,993
80-84	0	0	0	7,275	0	0	0	0	0	7,275
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	14,384	13,892	10,604	12,177	0	0	0	0	0	13,079

Age	Total Annual Benefit (IN THOUSANDS) by Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
ALL	115	194	74	61	0	0	0	0	0	445

**TABLE 11B**  
**COORDINATED DETERMINATION OF CONTRIBUTION SUFFICIENCY**  
**AS OF JULY 1, 2009**  
**(dollars in thousands)**

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	5.50%	\$ 13,443
2. Employer Contributions	8.34%	\$ 20,384
3. Supplemental Contribution		
a. 1996 Legislation	0.49%	1,190
b. 1997 Legislation	1.12%	2,734
4. Total	15.45%	\$ 37,751
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	6.98%	\$ 17,052
b. Disability Benefits	0.13%	309
c. Surviving Spouse and Child Benefits	0.16%	395
d. Deferred Retirements	1.10%	2,679
e. Total	8.37%	\$ 20,435
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		\$ 244,418

## **SUMMARY OF BENEFIT PROVISIONS FOR COORDINATED MEMBERS AS OF JULY 1, 2009**

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### **STATUTORY CONTRIBUTIONS**

The statutory contributions for members and the employer are 5.50% and 8.34% respectively.

### **PARTICIPANTS**

Professional Educators in the public schools of the City of St. Paul, excluding charter schools, whose position requires a license from the Minnesota Department of Education, and who are covered under the Social Security Act and make contributions to the Teachers' Retirement Fund Association are covered under the Coordinated Plan.

### **ALLOWABLE SERVICE**

Service rendered while making employee contributions. Service is granted on a proportional basis for part-time teachers.

### **SALARY**

Total compensation excluding lump sum payments for unused leave at termination and employer-paid insurance coverage.

### **AVERAGE SALARY**

Average of the highest five successive years of Salary while making contributions. In cases where the Allowable Service is less than five years, Average Salary is based on the years available.

### **NORMAL RETIREMENT BENEFIT**

#### ***Eligibility***

Three years of Allowable Service. The eligibility age is 65 for those hired before July 1, 1989, and the earlier of eligibility for full Social Security retirement benefits and age 66 for those hired on or after July 1, 1989. A Proportionate Retirement Annuity is available at Normal Retirement Age and one year of Allowable Service.

#### ***Benefit***

1.70 percent of Average Salary for each year of Allowable Service.



## **SUMMARY OF BENEFIT PROVISIONS FOR COORDINATED MEMBERS AS OF JULY 1, 2009**

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### **EARLY RETIREMENT BENEFIT**

#### ***Eligibility***

Attainment of age 55 and 3 years of Allowable Service.

#### ***Benefit***

Members hired before July 1, 1989, are eligible for the greater of the following benefits. Members hired after July 1, 1989, are eligible for the benefits shown in item (b):

- a) 1.20 percent of Average Salary for each of the first ten years of Allowable Service plus 1.70 percent of Average Salary for each subsequent year of Allowable Service. There is a reduction of 0.25 percent for each month the member is under age 65, or under age 62 with 30 years of Allowable Service. No reduction applies if the age plus years of service totals at least 90.
- b) 1.70 percent of Average Salary per year of Allowable Service augmented at 3.00 percent compounded annually from the age at retirement until age 65 and then actuarially reduced for each month the member is under age 65.

### **DISABILITY RETIREMENT BENEFIT**

#### ***Eligibility***

Total and permanent disablement and three years of Allowable Service with at least two years of Allowable Service since the last interruption in service

#### ***Benefit***

Normal retirement benefit payable for life without reduction for early commencement. The benefit is reduced by any Workers' Compensation benefits payable.

### **DEFERRED RETIREMENT BENEFIT**

#### ***Eligibility***

Three years of Allowable Service.

#### ***Benefit***

Benefit computed under law in effect at termination and payable as a normal or early retirement benefit. For members hired on or before June 30, 2006, the benefit is augmented at 3.00 percent compounded annually from the age at termination until 55 and then augmented at 5.00 percent compounded annually from age 55 to the age at which benefits commence. For members hired after June 30, 2006, the benefit is augmented at 2.5% compounded annually from the age at termination to the age at which benefits commence.

### **SURVIVOR BENEFIT (Active Members)**

#### ***Eligibility***

Active member with three years of Allowable service. A surviving spouse is defined as the person legally married to the member at the time of death. If none, a dependent child who is the legal child of the member, who is less than 20 years of age and unmarried.

## **SUMMARY OF BENEFIT PROVISIONS FOR COORDINATED MEMBERS AS OF JULY 1, 2009**

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### ***Benefit***

Retirement benefit earned at the time of death reduced for 100 percent joint survivorship and payable at the time the member would have attained age 55 or immediately if the former member had attained age 55 at time of death. The benefit is subject to 50 percent of the applicable actuarial reduction for early commencement from normal retirement age.

### **REFUND OF CONTRIBUTIONS**

#### ***Eligibility***

Termination or death where no annuity is payable or a refund of contributions is chosen in lieu of an annuity.

#### ***Benefit***

Member contributions with 6.00 percent interest (5.00 percent if terminated before May 16, 1989).

### **NORMAL FORM OF RETIREMENT BENEFITS**

Straight life annuity. Actuarially equivalent options are available to provide post-retirement survivor benefits.

### **BENEFIT INCREASES**

#### ***Statutory Formula***

2.00 percent compounded annually. Additional ad hoc increases are given in years when the five year time-weighted rate of return exceeds 8.50 percent. Increases occur on January 1st of each year. To be eligible, the member must have been receiving benefits for at least 12 months at the prior fiscal year end. Beneficiaries are entitled to the same benefit increases the member would have received.

#### ***Temporary Session Law Pilot Study Formula***

For calendar years 2010 and 2011, the post-retirement adjustment is to be determined differently under a pilot project authorized by the Legislature. Increases will be equal to the Consumer Price Index urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost of living adjustments to recipients of federal old age, survivors, and disability insurance.

The cost-of-living adjustment is determined by dividing the most recent average of third quarter monthly index values by the same average third quarter index value from the previous year, subtracting the quantity one from the resulting quotient, and expressing the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent. The final amount may not be a negative number and may not exceed 5.0 percent. Partial increases are granted for new retirees in the calendar year immediately preceding the increase on the basis of whole calendar quarters that the benefit recipient has been in pay status, calculated to the third decimal place.

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## **SECTION 7**

### **GASB DISCLOSURES**

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**TABLE 14**  
**SCHEDULE OF FUNDING PROGRESS**  
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded AAL (UAAL) (B)-(A)	Funded Ratio (A)/(B)	Actual Covered Payroll (Previous FY) (C)	UAAL as % of Covered Payroll ((B)-(A))/(C)
07/01/91	\$ 326,357	\$ 495,740	\$ 169,383	65.83%	\$ 110,131	153.80%
07/01/92	355,998	533,865	177,867	66.68%	115,274	154.30%
07/01/93	393,168	571,059	177,891	68.85%	122,930	144.71%
07/01/94	407,275	596,441	189,166	68.28%	129,308	146.29%
07/01/95	445,733	633,070	187,337	70.41%	139,175	134.61%
07/01/96	494,931	664,072	169,141	74.53%	145,677	116.11%
07/01/97	556,406	805,066	248,660	69.11%	151,363	164.28%
07/01/98	625,053	861,584	236,531	72.55%	168,564	140.32%
07/01/99	704,233	938,847	234,614	75.01%	178,254	131.62%
07/01/00	801,823	998,253	196,430	80.32%	187,950	104.51%
07/01/01	869,045	1,060,931	191,886	81.91%	202,915	94.56%
07/01/02	899,572	1,141,300	241,728	78.82%	201,456	119.99%
07/01/03	898,760	1,189,361	290,601	75.57%	205,655	141.31%
07/01/04	898,860	1,251,460	352,600	71.82%	221,685	159.05%
07/01/05	905,292	1,299,832	394,540	69.65%	223,762	174.30%
07/01/06	938,919	1,346,072	407,153	69.75%	226,351	177.66%
07/01/07	1,015,722	1,380,151	364,429	73.59%	235,993	159.02%
07/01/08	1,075,951	1,432,040	356,089	75.13%	235,993	150.89%
07/01/09	1,049,954	1,454,314	404,360	72.20%	243,166	166.29%

**TABLE 15**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
(dollars in thousands)

Year Ended June 30	Actuarially Required Contribution Rate (A)	Actual Covered Payroll (B)	Actual Member Contributions (C)	Annual Required Contributions [(A)*(B)]-(C)	Actual Employer Contributions <sup>(1)</sup>	Percentage Contributed
1991	18.86%	\$ 110,131	\$ 7,518	\$ 13,253	\$ 10,255	77.38%
1992	18.87%	115,274	7,821	13,931	10,489	75.29
1993	19.74%	122,930	8,202	16,064	10,839	67.47
1994	18.68%	129,308	9,100	15,055	11,736	77.95
1995	18.63%	139,175	8,788	17,140	13,084	76.34
1996	17.96%	145,677	9,093	17,071	15,101	88.46
1997	16.97%	151,363	9,484	16,202	16,043	99.02
1998	20.35%	168,564	11,057	23,246	21,702	93.36
1999	18.82%	178,254	11,649	21,898	21,066	96.20
2000	18.09%	187,950	13,184	20,816	22,622	108.68
2001	16.57%	202,915	13,170	20,453	23,569	115.23
2002	15.81%	201,456	14,468	17,382	24,216	139.32
2003	18.56% <sup>(2)</sup>	205,655	14,222	23,948	23,370	97.59
2004	20.36%	221,685	14,308	30,827	23,771	77.11
2005	21.59%	223,762	13,587	34,723	23,833	68.64
2006	23.78%	226,351	13,453	40,373	24,015	59.48
2007	24.55%	229,172	13,438	42,823	24,117	56.32
2008	23.40%	235,993	13,642	41,580	24,285	58.40
2009	17.63%	243,166	13,864	29,007	24,844	85.65

<sup>(1)</sup> Includes contributions from other sources (if applicable)

<sup>(2)</sup> Actuarially Required Contribution Rate prior to change in Actuarial Assumptions is 16.19%

**TABLE 16**  
**DEVELOPMENT OF THE FUND**  
(dollars in thousands)

<u>Year Ended June 30</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Supplemental Contributions</u>	<u>Net Investment Return</u>	<u>Administrative Expenses</u>	<u>Benefit Payments</u>	<u>Actuarial Value of Assets EOY</u>
2002	-	-	-	-	-	-	\$ 899,572
2003	\$ 19,186	\$ 14,222	\$ 4,184	\$ 26,429	\$ 499	\$ 64,334	898,760
2004	20,378	14,308	3,393	31,417	516	68,880	898,860
2005	20,435	13,587	3,398	43,082	559	73,510	905,293
2006	19,815	13,453	4,200	76,317	591	79,567	938,919
2007	19,666	13,438	4,451	124,214	696	84,271	1,015,722
2008	20,775	13,642	3,509	112,804	691	89,810	1,075,951
2009	21,501	13,864	3,343	28,924	605	93,024	1,049,954

**TABLE 17**  
**GASB SUPPLEMENTARY INFORMATION**

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<b>Valuation Date</b>	July 1, 2009
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percent of Pay, Open, Assuming Five Percent Payroll Growth
<b>Amortization Period</b>	25 year open period
<b>Asset Valuation Method</b>	5-Year Smoothed Market
<b>Actuarial Assumptions:</b>	
Investment rate of return	8.50% Pre-retirement and Post-retirement
Projected salary increases	5.00% - 9.90%; age and service based
Cost-of-living adjustments	2.00% *
<b>Plan Membership:</b>	
Active Members	3,940
Retirees and Beneficiaries	2,933
Terminated Vested Members	1,823
Other Non-Vested Terminated Members	<u>1,451</u>
Total	10,147

*\*Cost-of-living adjustments at January 1, 2010 will be 0.00% due to the COLA Pilot Program.*